April 1, 2009

Ms. Sheila Bair, Chairman
Federal Deposit Insurance Corporation

RE: RIN3064-AD35

Dear Chairman Bair,

As a community banker, I would like to voice my concern and opinion, from Main Street rural America, on the proposed burdensome assessment to well managed and prudent community banks. A 20 basis point, or even a 10 basis point special assessment, which would be added to an already onerous assessment, to clean up the debacle those corporate giants have made. It is grossly unfair for small community banks to be expected and required to pay for the "sins" of these giants. This assessment will be added to the cost of increased regulatory burden we know we will face and pay for.

This additional assessment would negatively impact the profits of our bank. This increase would cause a domino effect. One, lendable funds would go down; during a time our country and economy need these funds available to fund agriculture, small business and personal financing requests. Two, it could cause a reduction in staff, further impacting the unemployment problem. Three, it would reduce the amount of dividends paid to our shareholders. Dividends are the reward earned by the shareholders for taking risks and investing in their communities. Fourth, it would reduce the amount of discretionary money banks have historically spent on community improvement projects. With a reduction in staff the amount to time delegated to these projects will go away. Fifth, it will reduce funds needed to bolster our loan loss reserve which may be needed in these trying economic times.

We support <u>three</u> struggling rural communities, who already fight the decreasing population trend. We struggle with attracting new business to our communities as well as qualified people to run them. The community banks are the backbone of these small cities and towns. We consider it not only a financial obligation but a moral obligation to support these communities with our money and our time. As leaders of these communities, the citizens expect this of us.

We believe that the FDIC could bring more equity into the assessment process. As small community banks we pose no systemic risk to the fund. The risk has come from the banks too- big- to fail. Furthermore, we feel that the institutions who caused these problems should be the ones that pay for their mistakes. Also, if there is to be a special assessment it should be calculated on total assets rather than deposits.

The FDIC should support a change in the accounting rules to allow banks the opportunity to amortize any special assessment over a period of years. If the banks could amortize the special assessment over several years, for instance, this would significantly reduce its impact.

The FDIC and Congress should support a systemic-risk premium for the large, “systemically important” banks. This premium should be large enough to pay for the substantial risk of insuring these “too-big-to fail” institutions.

In closing community banks are not the cause of this speculative, sub prime real estate fiasco. However, we could be the solution to the problem. In order to be a part of the solution we must remain profitable and able to make good solid decisions, with capable staffs and an additional assessment would curtail this ability.

Sincerely,

Jeff Nunn
President/CEO
Citizens Bank
Claude and Tulia, Texas
Tucumcari, New Mexico